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RESERVES STUDY EXHIBIT 2B – WRITTEN RESPONSE TO THE QUESTIONS BELOW:

1. Provide a general description of the actuarial methodologies used to determine and monitor carried loss and loss adjustment expense reserves for the medical malpractice business written, including frequency of reviews.

Please see attached Milliman, Inc. Illinois Medical Malpractice Data Call Memorandum, page 3, ***General Description of Assessing Fortress' Loss Reserves.***

2. Discuss the adequacy of medical malpractice loss and loss adjustment expense reserves as of the most recent year-end and identify and describe any material changes in the past five years in amounts of carried reserves and in reserving methods. If a material unfavorable trend exists, indicate what actions were taken to address the issue. Identify the materiality standard used to respond to this question and provide the basis for this standard.

The Company's 2008 medical malpractice (dental professional liability) loss and loss adjustment expense reserves are adequate and reasonable as opined by the Company's external actuaries. The Company's 2008 reserves did not create an exceptional value in the One-Year Reserve Development to Surplus, Two-Year Reserve to Surplus and the Estimated Current Reserve Deficiency to Surplus IRIS tests.

3. Compare company trends to industry trends, with regards to the medical malpractice line of business and include information about the specific business written by the company and, if necessary, reasons why company trends are different from the industry.

The Company's percentage change in direct written premiums has trended higher over the past several years as compared to similar dental carriers and the medical malpractice carriers, which participate in Physician Insurers Association of America ("PIAA"). However, the 2008 writing change over 2007 was moderate with 6% growth

The Company's direct written dental premiums grew to $21,146,000 an increase of 6.1% from 2007. This 6.1% growth figure is lower than the corresponding levels in 2007 (11.9%), 2006 (11.7%), 2005 (14.3%) and 2004 (41.4%). The 2008 growth is attributable to:

- *New markets via established agents with dental books of business*
- *Growth in exposures in existing market*
- *Multiple state rate actions taken during 2008. These rate actions anticipated to generate an additional $715,000 of premium which calculates to an overall Companywide rate increase of 3.6%.*

The premium growth offset by the loss of approximately 500 dentists associated with group practices through non-renewal/cancellation/acquisition by another group.

The Company's key financial ratios as compared to similar dental carriers and the medical malpractice carriers, which participate in PIAA, have trended as follows:

- ✓ *Combined Ratio (Loss Ratio + Expense Ratio) has trended higher than the medical malpractice industry, but has continued to improve since 2003.*
- ✓ *Net Loss & LAE Reserves to Surplus results have trended more favorably as compared to most companies participating in PIAA due to the Company's strong capitalization.*
- ✓ *Direct Written Premium to Surplus has never resulted in an exceptional value under the IRIS test and stood at 103% for year-end 2008.*
- ✓ *Risk Based Capital ("RBC") requirements promulgated by the NAIC and adopted by the Illinois Department of Financial and Professional Regulation, Division of Insurance require property and casualty insurers to maintain minimum capitalization levels that are determined based on formulas incorporating asset risk, credit risk, and underwriting risk. At December 31, 2008, the Company's adjusted surplus exceeds the minimum RBC capitalization requirements. The Company's 2008 RBC ratio stood at 2,394%.*

The following steps have been taken by the Company to ensure continued improvement with the Company's key financial ratios (i.e. combined ratio, leverage ratio, reserve development):

Fortress writes coverage for individual dentists and their corporations. The rating structure and premiums are developed by our actuaries and are consistent with other carriers writing dental professional liability coverage. The Company closely monitors claims and underwriting trends on a quarterly basis via various committees, which include representatives from management and the Board of Directors.

In early 2006, improvements were made in the staffing levels of the claims department. The claims department created new litigation management guidelines for both the claims staff and outside defense counsel. Adequate staffing and litigation management changes have resulted in claims closing in a shorter period of time, therefore mitigating defense cost expenditures. In late 2007, the claims department created two Claims Technician positions. These individuals are responsible for fielding incoming calls and initial claims set-up. The staffing enhancements support the claim analysts' efforts in closing claims in shorter period of time, thereby mitigating defense cost expenditures.

In late 2005, the Company formed a Committee whose purpose is to review newly reported claims and determine any liability exists on the part of our insured. This meeting takes place monthly. A consultant, who is a lawyer and a dentist, reviews pertinent information, including dental records if they are available. This Committee is effective in assisting staff in making early assessments of claims which result in more timely resolutions.

The Company continues to re-underwrite all existing business on an annual basis. This includes obtaining a completed application and any applicable supplemental information, as determined necessary by the underwriter. This comprehensive review includes, in many cases a personal visit to large organizations deemed to contain greater than average exposure. These visits consist of meeting with Senior Management to obtain a thorough understanding of their business practices. This same process takes place for any large new business interests. Groups are carefully scrutinized, and the company decides on a case by case basis whether or not to offer renewal terms or accept as new business. The size of the group is considered, however the significance of the exposure itself is a mitigating factor in the decision making process.

The Underwriting process has been strengthened through the introduction of a revised individual application and the introduction of an organization application, which is suitable for underwriting groups of various sizes. The information collected provides underwriters with sufficient information to make sound underwriting decisions. Revisions made to the Underwriting Guidelines in 2005-06 contribute to consistent decisions reflective to dental exposures.

The Company's expense ratio was 37.8% and 39.6% in 2008 and 2007, respectively. The improvement relates to:

- *expense management, most notably travel costs, advertising expenditures and consulting fees.*
- *efficiencies achieved through system enhancements, including ImageRight software, which economizes underwriting and claims work flow and the web portal, an effective conduit for better communication with agents and policyholders.*
- *maintaining a higher net written premium in the 2008 year. The 2007 year net written premium was suppressed by the catch-up adjustment on the Company's 3rd party reinsurance ceded written premium.*

Variable expenses represent approximately thirty-six percent of the expense ratio and are comprised of: commissions, premium taxes and IT service agreement.

The Company expects further improvement in its expense ratio due to both continued expense management and revenue increase through rate actions and increased exposure count.

SURPLUS STUDY EXHIBIT 2B – WRITTEN RESPONSE TO THE QUESTIONS BELOW:

1. Provide a general discussion regarding the adequacy of surplus reported on Annual Statement, page 3 (Liabilities, Surplus and Other Funds), line 35, Surplus as regards policyholders, as of the last year-end.

The Company's surplus is adequate and has maintained both an acceptable net written premium to surplus ratio and liabilities to surplus ratio. The net written premium to surplus ratio has ranged from 9%, starting in 2002 to 15%, as of year-end 2008. This ratio is well within the acceptable NAIC IRIS ratio range. Also, the Company's loss and LAE reserves to surplus ratio has trended from 5%, starting in 2002 to 29%, as of year-end 2008

The above ratios, although favorable, have trended upward due to the continued expansion of the Company offering professional liability coverage to the general dental and dental specialty fields.

Total surplus stood at $20,554,000 at year-end 2008, a decrease of 2% from year-end 2007. Significant decreases to surplus included $395,000 increase in non-admitted assets (primarily attributed to increase in non-admitted net deferred tax asset as explained below) and $325,000 of net unrealized losses. These decreases were partly offset by $285,000 from the change in net deferred income tax and $74,000 in net income.

Non-admitted net deferred tax asset increased from year-end 2007 by $441,000 mainly due to two items. First, a capital loss carry-forward of $699,000 results in a $238,000 non-admitted DTA that will reduce income taxes in the future when offsetting capital gains. In addition, the common stock unrealized losses of $178,000 results in a $61,000 non-admitted DTA.

2. Identify and describe any material events or known material trends, favorable or unfavorable, in the insurer's surplus account in the past five years. This description should include any significant changes in the surplus ratios shown on Exhibit A. If a material unfavorable trend exists, indicate the courses of remedial actions already taken or that are available to the insurer and the effects or potential effects of each. Identify the materiality standard used to respond to this item and provide the basis for this standard.

In years 2002 and 2003, the Company received capital contributions from the parent company, OMS National Insurance Company of $3.3 million and $4.2 million, respectively. In 2007, the parent company contributed $5.0 million. The above contributions have supported the Company's growth as it continues to expand its dental professional liability program in both existing and new markets.

COMPANY DEFINED ITEMS

1. For all reports requiring "by county" information, the company may group the data by policy issuing county or other method that is consistent with its ratemaking practices. The company must identify which method is used. The company must use a consistent method to group the data in all "by county" reports. Data grouped by territory is unacceptable. Describe any changes made to the way in which the data has been grouped during the past ten years and the impact of the change(s) on the reports.

Where applicable, the data is grouped by county.

2. Describe any change(s) made to reserving or claim payment practices in the past ten years and the impact of the change(s) on the reports.

There have been no changes in reserving or claims practices in the past ten years other than adjustments to reflect the Company's experience in the various locales where business is written.

3. Define closed claim, i.e., is a claim closed when it is assigned a closed date, or when both indemnity plus expense reserves are $0, or in some other instance? Describe any change(s) made to this definition in the past ten years and the impact of the change(s) on the reports.

A claim is considered closed when it is assigned a closing date. Reserves are automatically zeroed out.

4. Explain/define the corporate policies written by the company.

Fortress provides its dentist insureds with the ability to purchase a separate policy (with separate limits of liability) for their professional corporations, associations or partnerships. The following criteria are applied to corporate policies written by the company:

- *A minimum of 75% of the underlying dentists must be insured with Fortress and maintain limits at least equal to the organization.*
- *Dentists not insured with Fortress must demonstrate continuous insurance and maintain limits of liability at least equal to the organization.*
- *All dentists who maintain an ownership interest in the organization must be insured with Fortress.*

5. Each company shall use the base class and territory that is consistent with its most recent rate filing. Please define your company's base class and territory. Describe any change(s) made to the base class and/or territory in the past ten years and the impact of the change(s) on the reports.

Please see attached Milliman, Inc. Illinois Medical Malpractice Data Call Memorandum, page 2, ***Other Factors Used in Rate Development Table.*** *The initial Illinois class/territory definitions plans have never changed in Illinois.*

6. Describe any adjustment(s) made to exposures for extended reporting endorsements and the impact of the adjustment(s) on the reports.

No adjustments made.

7. For the maturity year and tail factors disclosure, list each tail factor with the corresponding maturity year if a different tail factor is used for each maturity year. If another method is used, list and describe factors and method used. **–**

Please see attached Milliman, Inc. Illinois Medical Malpractice Data Call Memorandum, page 2, ***Maturity Year & Tail Factors Table.***

8. Define what expenses are included in the expense factor.

Please see attached Milliman, Inc. Illinois Medical Malpractice Data Call Memorandum, page 2, ***Other Factors Used in Rate Development Table.*** *The expense factor includes:*

- *General Expense – 18.0% average*
- *Other Acquisition Expense – 13.0% average*

9. List and define individually any "other" factors used in the rate filing to establish rates. This could include but is not limited to the following: profit load, reinsurance load, investment income, schedule debits/credits, etc.

Please see attached Milliman, Inc. Illinois Medical Malpractice Data Call Memorandum, page 2, ***Other Factors Used in Rate Development Table.***

10. Describe any methods and/or assumptions used in creating Reserve Study Exhibit A and why these assumptions are necessary.

For Exhibit 2A Reserves, the amounts were truncated to omit thousands to accommodate the field length restrictions of the Illinois Medical Malpractice Data Call specifications. Therefore, amounts for years 2000 to 2002 may not display a number, since under $1,000.

For Exhibit 2A Reserves, the Policy Type Code for:

- ✓ *Claims-Made is CM rather than CMPA*
- ✓ *Occurrence is OE rather than OERE*

to accommodate the Illinois Medical Malpractice Data Call specifications of a two-digit field.